

# ENTREPRENEURSHIP

## Working for Yourself



**You think you've got a product that everyone will want. You're sure that starting your own business is the easy way to fortune and fame. No way you're going to work for someone else and risk being fired or laid off. Being in business for yourself can be very rewarding both emotionally and financially. It can also be time consuming, difficult, and a lot of hard work.**

**The New Hampshire Small Business Development Center provides assistance and information for people who want to run their own business. The SBDC offers training programs, information referral and counseling services to New Hampshire entrepreneurs. Following are excerpts from their guide to starting a business.**

**The first step is to ask yourself the question: "Why am I going into business?"**

Being in business for yourself is a major responsibility. You have a financial responsibility to yourself, your vendors, your creditors, your employees, and your customers' needs. If you have employees, you have to comply with tax and employment laws as well as provide a safe work environment. All in all, being in business for yourself can be time consuming and sometimes frustrating. However, it can be the most rewarding journey you've ever taken.

Think hard about why you are going into business. After that, plan thoroughly and continuously watch your finances to maximize your chances of success.

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# NHCRN

New Hampshire Career Resource Network  
New Hampshire Employment Security  
Economic & Labor Market Information Bureau  
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**Understand Your Market.** You don't have a business if you can't continuously create new customers for your product or service. Don't fall into the common trap of thinking, "If I build it they will come." Remember, no matter how good your product is or how much all your friends love it, you MUST have a strategy in place to create new customers.

Marketing involves understanding your customers' true needs, communicating with your customers, and finally, convincing the customers to exchange their hard-earned dollars for your product or service. Having the "best" product (however you define that) is not enough. You must have an active program in place to sell your product or service. Without new customers, you don't have a business—just a very expensive hobby.

**Basic Legal Information.** There are four types of business organization in New Hampshire: *proprietorship*, *partnership*, *corporation*, and *limited liability company*. You should seek professional legal advice with respect to requirements and advantages for each type.

There also may be licenses and permits required for your business. Check with your city or town clerk for any local requirements. Check also on zoning and sign regulations that may apply to your business and location. Regulated businesses in New Hampshire include: sales of alcoholic beverages, food manufacturing and sales, automobile sales, child care, professions such as plumber and electrician, and businesses dealing with weights and measures.

If your business has employees, there are additional reporting requirements and

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regulations. NH Employment Security has information on employment law and state unemployment tax. Also, Worker's Compensation insurance is required by this state. This insurance is purchased from insurance agents and not from state government.

**Basic Tax Information.** There are both state and federal filing and tax regulations that must be followed. Unemployment taxes are collected by NH Employment Security for businesses with employees. Rooms and Meals taxes, Business Profits taxes, and Business Enterprise taxes are collected by the Department of Revenue Administration. Property taxes are established by local city or town government.

There are also federal taxes that must be paid. Businesses with employees must file federal unemployment taxes, and must obtain a federal Employer Identification Number (EIN). The Internal Revenue Service has publications available to explain federal tax reporting. These publications are available at your local post office or library.

**Accounting and Bookkeeping.** Consult a Certified Public Accountant to help you set up a bookkeeping system and tax plan. If you have employees, consider contracting with a payroll service. Most importantly, always work with a cash flow budget. With this, you can plan in advance your business cash requirements and measure progress toward your financial goals.

**Financing.** Carefully consider how you will finance your business long before your first day of operation. On average, 76 percent of business start-up financing comes from family, friends, and other sources close to the owner. When considering bank financing, you'll need to have

a large portion of the start-up costs as well as collateral to qualify for a commercial loan. You will also need to prepare a complete business plan that identifies your qualification for this type of business and explains how you will consistently sell your product or service.

### Checklist of Important Steps

- Think carefully about your personal and business goals, and discuss your ideas with family and friends.
- Do in-depth market research and talk with owners of similar businesses.
- Assemble a budget for all of your start-up costs.
- Take classes to address your weak areas.
- See a CPA or other financial advisor, and see an attorney to decide on form of organization.
- Prepare your business plan and make a cash flow projection for at least one year.
- Open a business checking account.
- Register your trade name with the NH Secretary of State.
- Check on issues such as licensing and zoning.
- Learn about business insurance.
- Learn about and join the applicable trade associations.
- If you will have employees, get information from the IRS and NH Employment Security.
- If you will have employees, consider using a payroll service to handle payroll processing, tax payments, etc.
- ALWAYS manage your cash wisely.



**For more information on business training programs, cash flow budgeting, business plans, business loans, and counseling, contact the New Hampshire Small Business Development Center by phone at (603) 862-2200; or visit them on the web at <www.nhsbdc.org>. ❖**